

CERTIFICATE AS TO RESOLUTION AND ADOPTING VOTE

I, the undersigned, being the duly qualified and acting recording officer of Jefferson County, Montana (the "County"), hereby certify that the attached resolution is a true copy of a Resolution entitled: "RESOLUTION RELATING TO \$783,000 RURAL SPECIAL IMPROVEMENT DISTRICT NO. 2503 BONDS; AUTHORIZING THE ISSUANCE AND CALLING FOR THE PUBLIC SALE THEREOF" (the "Resolution"), of file in the original records of the County in my legal custody; that the Resolution was duly adopted by the Board of County Commissioners of the County at a regular meeting on July 10, 2007, and that the meeting was duly held by the Board of County Commissioners and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Commissioners voted in favor thereof: \_\_\_\_\_  
\_\_\_\_\_; voted against the same:  
\_\_\_\_\_; abstained from voting thereon: \_\_\_\_\_;  
or were absent: \_\_\_\_\_;

WITNESS my hand and seal officially this \_\_\_\_\_ day of July, 2007.

(SEAL)

\_\_\_\_\_  
County Clerk and Recorder

RESOLUTION 16-2007

RESOLUTION RELATING TO \$783,000 RURAL SPECIAL  
IMPROVEMENT DISTRICT NO. 2503 BONDS;  
AUTHORIZING THE ISSUANCE AND CALLING FOR THE  
PUBLIC SALE THEREOF

BE IT RESOLVED by the Board of County Commissioners (the “Board”) of Jefferson County, Montana (the “County”), as follows:

Section 1. Recitals.

(a) This Board has duly and validly created and established in the County under Montana Code Annotated, Title 7, Chapter 12, Part 21, as amended (the “Act”), a rural special improvement district, designated as Rural Special Improvement District No. 2503 (the “District”), for the purpose of financing the costs of certain public improvements of special benefit to the properties within the District (the “Improvements”) and paying costs incidental thereto, including costs associated with the sale and the security of special improvement district bonds of the County drawn on the District (the “Bonds”), the creation and administration of the District, the funding of a deposit to the County’s Rural Special Improvement District Revolving Fund (the “Revolving Fund”) and the funding a deposit to a reserve account securing the Bonds in the District fund (the “Reserve Account”). The estimated costs of the Improvements, including such incidental costs, to be financed by the District are \$783,000. The costs of the Improvements, including incidental costs, are to be paid from the proceeds of the Bonds, which are to be payable primarily from special assessments to be levied against property in the District, which property will be specially benefitted by the Improvements in an amount not less than \$783,000.

(b) The County is authorized by Montana Code Annotated, Section 7-12-4204(1) to sell the Bonds at a price less than the principal amount thereof, but including interest thereon to the date of delivery, if this Board determines that such sale is in the best interests of the District and the County.

(c) It is necessary that the Bonds be issued and sold in an aggregate principal amount of \$783,000 to finance the costs of the Improvements, including incidental costs, described in Subsection (a). The total costs of the Improvements and incidental costs are currently estimated as follows:

Construction	\$513,813.00
Preliminary Engineering and Planning	11,000.00
Contingency	39,605.00
County Administration	14,846.00
Engineering Design/Construction Mgmt	87,348.00

Revolving Fund Deposit	39,150.00
District Reserve Account	35,235.00
Underwriter's Discount (2.0%)	15,660.00
Costs of Issuance and Miscellaneous	<u>26,343.00</u>
Total	\$783,000.00

Section 2. Determination of Public Interest in Allowing Bond Discount. Pursuant to the authority described in Section 1, this Board hereby determines to fix the minimum price for the Bonds at \$767,340 (98.0% of par) plus interest accrued thereon to the date of delivery. Such minimum bid will enable bidders to bid more efficiently for the Bonds by permitting them to submit their bids based on actual market conditions without adjusting the interest rates thereon to provide compensation for their purchase of the Bonds. This procedure will facilitate the sale of the Bonds at the lowest interest rates, which is in the best interests of the District and the County.

Section 3. Findings and Determination to Pledge the Revolving Fund. In the Resolution of Intention to Create the District, adopted on July 25, 2006, this Board found it to be in the public interest, and in the best interest of the County and the District, to secure payment of principal of and interest on the Bonds by the Revolving Fund and authorized the County to enter into the undertakings and agreements authorized in the Act in respect of the Bonds, based on the factors required to be considered under Section 7-12-2185 of the Act. Those findings and determinations were ratified and confirmed in the resolution creating the District, adopted by this Board on September 5, 2006, and are hereby ratified and confirmed. It is hereby covenanted and recited that the County has the power under the Act to pledge the Revolving Fund and Reserve Account to payment of the principal of and interest on the Bonds.

Section 4. Terms of the Bonds. This Board hereby authorizes the issuance and sale of the Bonds, to be denominated "Rural Special Improvement District No. 2503 Bonds," of the County in the aggregate principal amount of \$783,000 (the "Bonds") for the purpose of financing the Improvements. The Bonds shall be dated, as originally issued, as of August 1, 2007, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2008, at a rate or rates designated by the successful bidder at public sale and approved by this Board; provided that no rate of interest shall exceed 6.50% per annum, the difference between the highest and lowest rates of interest shall not exceed 3.50% per annum, no supplemental or "B" coupons or additional interest certificates shall be permitted and rates shall be expressed in integral multiples of 1/8 or 1/20 of one percent. The Bonds shall mature, subject to earlier redemption, on July 1 in each of the following years and amounts:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$28,000	2018	\$40,000
2009	25,000	2019	40,000
2010	25,000	2020	45,000
2011	25,000	2021	45,000
2012	30,000	2022	45,000
2013	30,000	2023	50,000
2014	30,000	2024	50,000
2015	35,000	2025	55,000
2016	35,000	2026	55,000
2017	35,000	2027	60,000

The Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Chair of the Board of County Commissioners, the County Clerk and Recorder and the County Treasurer. The Bonds shall be secured by the Revolving Fund and the Reserve Account.

Section 5. Public Sale. All sealed bids for the Bonds shall be submitted to, or bids for the purchase of the Bonds shall be received by electronic transmission through Parity™ by, the County Clerk and Recorder, in either case on or before Tuesday, July 31, 2007, at 11:00 a.m., M.T. The bids received shall be considered at a regular meeting of the Board on the same day, whereupon the Board will consider the award of sale to the bidder whose bid results in the lowest true interest cost (TIC) payable on the bonds. The County will receive sealed bids or bids transmitted through Parity™ for the Bonds and the Bonds will be sold in accordance with the Official Terms and Conditions attached hereto as Exhibit A (which is hereby incorporated and made a part hereof). The County Clerk and Recorder is hereby authorized and directed to cause notice of the sale to be published, as required by Montana Code Annotated, Sections 7-12-2172, 7-7-4252 and 17-5-106, in the *Jefferson County Courier*, *Boulder Monitor*, *Whitehall Ledger*, and the *Helena Independent Record* once each week for two successive weeks preceding the week which contains the date of sale. The notice of sale shall be published in substantially the form set forth as Exhibit B to this resolution (which is hereby incorporated herein and made a part hereof) and this Board hereby adopts the terms and conditions set forth in such notice of sale as the terms and conditions of the sale of the Bonds.

Section 6. Preliminary Official Statement. The Chair, the County Clerk and Recorder, and the County Treasurer and other officers of the County, in cooperation with D.A. Davidson & Co., financial consultants to the County, are hereby authorized and directed to prepare on behalf of the County a preliminary official statement to be distributed to potential purchasers of the Bonds. Such preliminary official statement shall contain the Official Terms and Conditions and such other information as shall be advisable and necessary to describe accurately the County and the security for, and terms and conditions of, the Bonds. The County

Clerk and Recorder is authorized on behalf of the County to deem the preliminary official statement “near final” as of its date, in accordance with Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934.

Section 7. Continuing Disclosure. Although bidders and other participating underwriters in the primary offering of the Bonds need not comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), because the aggregate principal amount of the Bonds and any other securities required to be integrated with the Bonds is less than \$1,000,000, to enhance the marketability of the Bonds, the County will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in the resolution prescribing the terms of the Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material. The County and the Revolving Fund are the only “obligated persons” in respect of the Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking is set forth in the Official Statement. Failure of the County to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds.

Passed by the Board of County Commissioners of Jefferson County, Montana, this 10th day of July, 2007.

**ATTEST:**

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**BONNIE RAMEY  
CLERK AND RECORDER**

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**KEN WEBER, CHAIR**

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**TOMAS E. LYTHGOE, COMMISSIONER**

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**CHUCK NOTBOHM, COMMISSIONER**

## EXHIBIT A

### TERMS AND CONDITIONS

#### \$783,000 RURAL SPECIAL IMPROVEMENT DISTRICT NO. 2503 BONDS

#### JEFFERSON COUNTY, MONTANA

NOTICE IS HEREBY GIVEN that Jefferson County, Montana (the "County"), will sell to the best bidder for cash, as evidenced by sealed bids or bids received by electronic transmission through Parity™, the above-described Bonds drawn against the district fund of Rural Special Improvement District No. 2503 (the "District Fund") in the principal amount of \$783,000.

Sealed bids for the purchase of the Bonds will be received in the office of the County Clerk and Recorder, Jefferson County Courthouse at 201 Centennial, Boulder, Montana 59632, or bids for the purchase of the Bonds will be received by the County by electronic transmission through Parity™, in either case until 11:00 a.m., M.T., on Tuesday, July 31, 2007. The bids will be opened (or accessed) and tabulated by the County Clerk and Recorder and presented to the Board of County Commissioners (the "Board") at its regular meeting immediately thereafter on the same day, in the County Commission meeting room, at which time the Board will consider the bids received, and if a responsive and acceptable bid is received, award sale of the Bonds to the responsive bidder whose bid reflects the lowest true interest cost (TIC).

#### Purpose and Security

The Bonds will be issued for the purpose of financing the cost of construction of certain local improvements (the "Improvements") within or for the benefit of Rural Special Improvement District No. 2503 (the "District"), in accordance with the provisions of Montana Code Annotated, Title 7, Chapter 12, Part 21, as amended (the "Act"). The Bonds will be special, limited obligations of the County and do not constitute general obligations of the County.

The Bonds are payable primarily from the collection of a special tax or assessment which is a lien against the assessable real property within the District benefitted by the Improvements to be undertaken therein or therefor. The special assessments are payable in semiannual installments over a 20-year term, each in substantially equal semi-annual installments of principal and interest over a period of 20 years, with unpaid installments of the special assessments bearing interest at a rate equal, from time to time, to the sum of (i) the average rate of interest borne by the then outstanding Bonds, plus (ii) one-half of one percent (0.50%) per annum.

The Bonds are further secured by the Special Improvement District Revolving Fund of the County (the "Revolving Fund"). The County will agree to make a loan from the

Revolving Fund to the district fund established for the District to make good any deficiency then

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existing in the principal and interest accounts therein and to provide funds for the Revolving Fund by levying a tax or making a loan from the County's general fund to the extent and for the period authorized by the Act, provided that amounts in the Reserve Account are then or will, on next interest payment date, be depleted. The Bonds are further secured by a Reserve Account to be established in the District Fund and funded in the amount of \$35,235 to cover debt service deficiencies prior to resort to the Revolving Fund.

Date and Type

The Bonds will be dated, as originally issued, as of August 1, 2007, and will be issued as negotiable investment securities in registered form as to both principal and interest.

Maturities and Form

The Bonds shall mature, subject to redemption, on July 1 in the following years and amounts (unless combined into one or more term bonds):

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$28,000	2018	\$40,000
2009	25,000	2019	40,000
2010	25,000	2020	45,000
2011	25,000	2021	45,000
2012	30,000	2022	45,000
2013	30,000	2023	50,000
2014	30,000	2024	50,000
2015	35,000	2025	55,000
2016	35,000	2026	55,000
2017	35,000	2027	60,000

Bidders will have the option of combining the Bonds maturing on and after 2008 through and including 2014 and on and after 2015 through and including 2027 into one or more term bonds. If any Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption in the principal amount set forth in the foregoing schedule on each July 1, concluding no later than 2027, at a redemption price equal to the principal amount of such Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts and on the same dates as the Bonds would have matured if they were not included in a term bond.

Book Entry

Unless otherwise requested by the underwriter (in which case, the balance of this paragraph will not apply), the Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds.

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Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity, except that one bond maturing in 2008 will be in the principal denomination of \$8,000, through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

### Redemption

Mandatory Redemption. If on any interest payment date there will be a balance in the District Fund after payment of the principal and interest due on all Bonds drawn against it, either from the prepayment of special assessments levied in the District or from the transfer of surplus money from the Construction Account to the Principal Account, outstanding Bonds, or portions thereof, in an amount which, together with the interest thereon to the interest payment date, will equal the amount of such funds on deposit in the District Fund on that date are subject to mandatory redemption on that interest payment date. The redemption price shall equal the amount of the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption.

Optional Redemption. The Bonds maturing on and after July 1, 2015 are subject to redemption, in whole or in part, at the option of the County from sources of funds available therefor other than those described under "Mandatory Redemption" on July 1, 2014 and any date thereafter from the proceeds of refunding rural special improvement district bonds or warrants. The redemption price shall equal the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption, without premium.

Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in order of the stated maturities thereof. If less than all Bonds of a stated maturity are to be redeemed, the Bonds of such maturity shall be selected for redemption in \$5,000 principal amounts selected by the Registrar by lot or other manner it deems fair.

### Interest Payment Dates, Rates

Interest will be payable each January 1 and July 1, commencing January 1, 2008, to the registered owners of the Bonds as such appear in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. All Bonds of the same stated maturity must bear interest from date of original issue until paid at a single, uniform rate. No interest rate may exceed 6.50% per annum, and the difference between the highest and lowest rate of interest may not exceed 3.50% per annum. Each rate must be expressed in an integral multiple of 1/8 or 1/20 of 1%. No supplemental or "B" coupons or additional interest certificates are permitted. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.



Bond Registrar, Transfer Agent and Paying Agent

The County shall select a bond registrar, transfer agent and paying agent (the “Registrar”) in connection with the Bonds. The bond register will be kept, transfers of ownership will be effected and principal of and interest on the Bonds will be paid by the Registrar. The County will pay the charges of the Registrar for such services. The County reserves the right to remove the Registrar and to appoint a suitable bank or trust company as successor.

Delivery

Within 40 days after the sale, the County will deliver to the Registrar the printed Bonds ready for completion and authentication. The original purchaser of the Bonds must notify the Registrar, at least five business days before issuance of the Bonds, of the persons in whose names the Bonds will be initially registered and the denominations of the Bonds to be originally issued. If notification is not received by that date, the Bonds will be registered in the name of the original purchaser and, if serial bonds, will be issued in denominations corresponding to the principal maturities of the Bonds. On the day of closing, the County will furnish to the purchaser the opinion of Bond Counsel hereinafter described, an arbitrage certification and a certificate stating that no litigation in any manner questioning the validity of the Bonds is then pending or, to the knowledge of officers of the County, threatened. Payment for the Bonds must be received by the County in immediately available funds at its designated depository on the day of closing. The successful bidder shall submit to the County Treasurer not earlier than 48 hours after the award of sale and not later than the day of closing a certificate, in form satisfactory to Bond Counsel, as to the initial reoffering price of each stated maturity of the Bonds and stating that at least ten percent of the principal amount of such Bonds of each stated maturity has been sold at such respective prices.

Qualified Tax-Exempt Obligations

The Bonds will be designated by the County as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.

Legal Opinion

An opinion as to the validity of the Bonds and the exclusion of the interest thereon from gross income for federal income tax purposes and Montana individual income tax purposes will be furnished by Dorsey & Whitney LLP, of Missoula, Montana, and Minneapolis, Minnesota, as Bond Counsel. The legal opinion will state that the Bonds are valid and binding special, limited obligations of the County enforceable in accordance with their terms, except to the extent to which enforceability thereof may be limited by principles of equity, whether considered at law or in equity, or by state or federal laws relating to bankruptcy, reorganization, moratorium or creditors’ rights.

Type of Bid and Good Faith Deposit

Sealed bids or electronic bids through Parity™ for not less than \$767,340 (98.0% of par) and accrued interest on the principal sum of \$783,000 must be mailed or transmitted to the undersigned and must be received at the office of the County Clerk and Recorder prior to the time stated above. Bidders must bid for all or none of the Bonds. Each bid must be unconditional. Bids may be transmitted electronically through Parity™ in accordance with these terms and conditions.

Except for a bid by or on behalf of the Board of Investments of the State of Montana, a good faith deposit (the "Deposit") in the form of money, cashier's check, certified check, bank money order, or bank draft drawn and issued by a federally chartered or state chartered bank insured by the federal deposit insurance corporation or a financial surety bond in the sum of \$15,660.00 payable to the order of the County is required for a bid to be considered. If money, cashier's check, certified check, bank money order, or bank draft is used, it must accompany the bid and be delivered to the County Treasurer. If a financial surety bond is used, it must be from an insurance company licensed and qualified to issue such a bond in the State of Montana and such bond must be submitted to the County Treasurer prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit its Deposit to the County in the form of a cashier's check (or wire transfer such amount as instructed by the County) not later than 1:00 P.M., M.T., on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the County to satisfy the Deposit requirement. No interest on the Deposit will accrue to the purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the Deposit will be retained by the County as liquidated damages. The Deposit of the unsuccessful bidders will be returned immediately on award of the Bonds to the purchaser or after rejection of all bids. Instructions for wiring the Deposit may be obtained from the County's Financial Advisor, D.A. Davidson & Co., 529 East Main Street, P.O. Box 8000, Bozeman, Montana 59715, (406) 582-3457.

Award

The bid authorizing the lowest true interest cost (TIC), will be deemed the most favorable. The TIC is the net present value of total interest on all Bonds from dated date to their maturities, less any premium or plus any discount. In the event that two or more bids state the lowest true interest cost, the sale of the Bonds will be awarded by lot. The Board will consider sealed bids or bids transmitted electronically through the Parity™ system. No oral bid will be considered. The Board reserves the rights to reject any and all bids, to waive informalities in any bid and to adjourn the sale.

Electronic Transmission

To the extent any instructions or directions set forth in Parity™ conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity™, potential bidders may contact the Financial Advisor, D.A. Davidson & Co. at (406) 582-3457 (Bridget Ekstrom), or Parity™ at (212) 404-8102 (Client Services). In the event of a

malfunction in the electronic bidding process, bidders may submit their bids by sealed bid including facsimile transmission to the County Clerk and Recorder, Bonnie Ramey, at facsimile number (406) 225-4149 (phone (406) 225-4020).

#### CUSIP Numbers

The County will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be assigned and printed at the expense of the purchaser, if the original purchaser waives any delay in delivery occasioned thereby.

#### Official Statement

The County will prepare an Official Statement relating to the Bonds which the County will deem to be final as of its date. The County will deliver, at closing, a certificate executed by the Chair of the Board of County Commissioners, County Treasurer and Clerk and Recorder to the effect that, to the best of their knowledge, as of the date of closing, the information contained in the Official Statement, including any supplement thereto, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading; provided that no comment will be made with respect to any information provided by the successful bidder for inclusion in any supplement to the Official Statement.

By submitting a bid for the Bonds, the successful bidder agrees: (1) to disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the County, (2) to file promptly a copy of the Official Statement, including any supplement prepared by the County, with a nationally recognized municipal securities repository, and (3) to take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Board and the Municipal Securities Rulemaking Board governing the offering, sale and delivery of the Bonds to ultimate purchasers.

Within seven business days after the sale the County will furnish to the successful bidder without charge 100 copies of the final Official Statement relating to the Bonds. The successful bidder must notify the County Clerk and Recorder in writing within two business days after the award of sale of the Bonds if it requires additional copies of the Official Statement. The cost of additional copies shall be paid by the successful bidder.

#### Continuing Disclosure

Although bidders and other participating underwriters in the primary offering of the Bonds need not comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), because the aggregate principal amount of the Bonds and any other securities required to be integrated with the Bonds is less than \$1,000,000, to enhance the marketability of the Bonds, the County will covenant and agree, for the benefit of the registered holders and beneficial owners from time to time of the outstanding Bonds, in the resolution prescribing the terms of the Bonds, to provide annual reports of specified information and notice of the occurrence of certain events, if material.

The County and the Revolving Fund are the only “obligated persons” in respect of the Bonds within the meaning of the Rule for the purposes of disclosing information on an ongoing basis. A description of the undertaking is set forth in the Official Statement. Failure of the County to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Bonds.

Information for bidders and bidding forms may be obtained from the County’s Financial Advisor, D.A. Davidson & Co., 529 East Main Street, P.O. Box 8000, Bozeman, Montana 59715, (406) 582-3457.

Dated: July 10, 2007.

BY ORDER OF THE BOARD OF  
COUNTY COMMISSIONERS

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County Clerk and Recorder  
Jefferson County, Montana

## EXHIBIT B

## NOTICE OF BOND SALE

## \$783,000 RURAL SPECIAL IMPROVEMENT DISTRICT NO. 2503 BONDS

## JEFFERSON COUNTY, MONTANA

NOTICE IS HEREBY GIVEN that the Board of County Commissions (the "Board") of Jefferson County, Montana (the "County"), will receive sealed bids for the purchase of \$783,000 Rural Special Improvement District No. 2503 Bonds (the "Bonds") in the office of the County Clerk and Recorder, Jefferson County Courthouse at 201 Centennial, Boulder, Montana 59632, or bids for the purchase of the Bonds will be received by the County by electronic transmission through Parity™, in either case until 11:00 a.m., M.T., on Tuesday, July 31, 2007. The bids will be opened (or accessed) and tabulated by the County Clerk and Recorder and presented to the Board at its regular meeting immediately thereafter on the same day, in the County Commission meeting room, at which time the Board will consider the bids received, and if a responsive and acceptable bid is received, award sale of the Bonds to the responsive bidder whose bid reflects the lowest true interest cost (TIC).

The Bonds are being issued for the purpose of financing the cost of construction of certain local improvements (the "Improvements") within or for the benefit of Rural Special Improvement District No. 2503 (the "District"); related improvements; and paying costs associated with the sale and issuance of the bonds. The Bonds shall mature, subject to redemption, on July 1 in the following years and amounts:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$28,000	2018	\$40,000
2009	25,000	2019	40,000
2010	25,000	2020	45,000
2011	25,000	2021	45,000
2012	30,000	2022	45,000
2013	30,000	2023	50,000
2014	30,000	2024	50,000
2015	35,000	2025	55,000
2016	35,000	2026	55,000
2017	35,000	2027	60,000

Bidders will have the option of combining the Bonds maturing on and after 2008 through and including 2014 and on and after 2015 through and including 2027 into one or more term bonds. If any Bonds are issued as term bonds, such term bonds will be subject to annual mandatory sinking fund redemption in the principal amount set forth in the foregoing schedule on each July 1, concluding no later than 2027, at a redemption price equal to the principal amount of such Bonds or portions thereof to be redeemed with interest accrued thereon and payable on January 1 and July 1 to the redemption date, in installments and in the same amounts

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and on the same dates as the Bonds would have matured if they were not included in a term bond.

The Bonds shall be issuable only as fully registered bonds and shall be executed by the manual or facsimile signatures of the Chair of the Board of County Commissioners, the County Clerk and Recorder and the County Treasurer. The Bonds shall be secured by the Revolving Fund and the Reserve Account of the District.

The Bonds shall be dated, as originally issued, as of August 1, 2007, and shall bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2008, at a rate or rates designated by the successful bidder at public sale and approved by this Board; provided that no rate of interest shall exceed 6.50% per annum, the difference between the highest and lowest rates of interest shall not exceed 3.50% per annum, no supplemental or "B" coupons or additional interest certificates shall be permitted and rates shall be expressed in integral multiples of 1/8 or 1/20 of one percent. The Bonds with stated maturities on or after July 1, 2015 will be subject to redemption on July 1, 2014, and any date thereafter, at the option of the County, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium.

The County will designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds will be sold for not less than \$767,340 (98.0% of par) with accrued interest on the principal amount of the Bonds to the date of their delivery. The Board reserves the right to reject any and all bids, to waive any informality in any bid, and to adjourn the sale.

A good faith deposit in the form of money, cashier's check, certified check, bank money order, or bank draft drawn and issued by a federally chartered or state chartered bank insured by the Federal Deposit Insurance Corporation or a financial surety bond in the sum of 2% of the aggregate principal amount of the Bonds (\$15,660.00) payable to the order of the County is required for each bid to be considered, as further specified in the Official Terms and Conditions of Sale.

Copies of the Official Terms and Conditions of Sale and additional information may be obtained from D.A. Davidson & Co., 529 East Main Street, P.O. Box 8000, Bozeman, Montana 59715, (406) 582-3457, financial advisor to the County. Prospective bidders should consult the Official Terms and Conditions of Sale and the Preliminary Official Statement for a detailed description of the Bonds, the security therefor, and the form of legal opinion proposed to be rendered by Dorsey & Whitney LLP, of Missoula, Montana, and Minneapolis, Minnesota, as bond counsel. To the extent any instructions or directions set forth in Parity<sup>TM</sup> conflict with this Notice of Bond Sale, the terms of this Notice of Bond Sale shall control. For further information about Parity<sup>TM</sup>, potential bidders may contact the Financial Advisor, D.A. Davidson & Co., at (406) 582-3457 (Bridget Ekstrom), or Parity<sup>TM</sup> at (212) 404-8102 (Client Services). In the event of a malfunction in the electronic bidding process, bidders may submit their bids by sealed bid including facsimile transmission to the County Clerk and Recorder, Bonnie Ramey, at facsimile number (406) 225-4149 (phone (406) 225-4020).

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Dated: July 10, 2007.

BY ORDER OF THE BOARD OF  
COUNTY COMMISSIONERS

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County Clerk and Recorder  
Jefferson County, Montana

Publish: July 18, 2007 and July 25, 2007

